

**har2-Samantha**

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**From:** mailinglist@capitol.hawaii.gov  
**nt:** Thursday, January 26, 2012 9:31 AM  
**o:** WLOtestimony  
**Cc:** har@hawaiiirealtors.com  
**Subject:** Testimony for HB1880 on 1/27/2012 9:00:00 AM  
**Attachments:** 01-27-12 HB1880 PTF WLO.pdf

Testimony for WLO 1/27/2012 9:00:00 AM HB1880

Conference room: 325  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Hawaii AOR  
Organization: Individual  
E-mail: [har@hawaiiirealtors.com](mailto:har@hawaiiirealtors.com)  
Submitted on: 1/26/2012

Comments:  
Testifier Name: Myoung Oh  
Position: Strongly Support

Thank you.

January 27, 2012

**The Honorable Jerry L. Chang, Chair**

House Committee on Water, Land, and Ocean Resources  
State Capitol, Room 325  
Honolulu, Hawaii 96813

**RE: H.B. 1880, Relating to Private Transfer Fees**

**HEARING: Friday, January 27, 2012, at 9:00 a.m.**

Aloha Chair Chang, Vice Chair Har, and Members of the Committee:

I am Myoung Oh, Government Affairs Directors, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. HAR **strongly supports** H.B. 1880, which makes permanent the prohibition of private fees for a future transfer of real property.

A Private Transfer Fee ("PTF") is a fee imposed by a private party which requires the payment of a certain amount (usually a percentage of the sales price), potentially in perpetuity. PTFs may be imposed via deed restrictions or covenants. Sometimes, PTFs may be imposed as part of a new housing development upon the initial and subsequent purchasers of the property. These restrictions run with the land, and may not necessarily be disclosed to subsequent buyers until the closing of a property sale.

HAR believes that, left unregulated, PTFs can be misused, and may create significant financial barriers to homeownership. Because PTFs are funds due at closing, they can be a substantial burden on real property buyers, who are already financially committed to the costs of down payments, appraisals, title insurance, surveys, recording costs, mortgage points, attorney's fees, and other taxes and fees.

In 2010, recognizing the concerns over PTFs, the Legislature passed House Bill 2288 which was signed into law as Act 129, Session Laws of Hawai'i 2010. In that same year, 12 other states passed legislation prohibiting PTF. As of October 2011, a total of 33 states have either banned or placed conditions on the practice.

Moreover, the Federal Housing Finance Agency ("FHFA") has announced a plan to publish new federal regulation on PTF. The newly proposed rule would limit Fannie Mae, Freddie Mac and the Federal Home Loan Banks from dealing in mortgages that have PTF covenants attached to the properties. There are exceptions in the regulation for PTF paid to homeowner associations, condominiums, cooperatives and certain tax-exempt organizations that use PTF proceeds to benefit the property.



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HAR strongly supports prohibiting PTFs because they decrease housing affordability, serve no public purpose, and provide no benefit to property purchasers.

Therefore, we respectfully request your favorable support of this measure.

Mahalo for the opportunity to testify.

